

## **DRAFT 2015 Iowa Balance of State CoC Reallocation Plan For Stakeholder Comment**

September 3, 2015

### **Comments Invited**

On August 28, 2015, the Executive Committee of the Iowa Council on Homelessness requested that IFA, as the Collaborative Applicant for the Iowa Balance of State CoC, draft a proposed 2015 Reallocation Plan, for stakeholder comment. This document is the result.

The Iowa Finance Authority will collect comments on this DRAFT 2015 Iowa Balance of State Continuum of Care (CoC) Reallocation Plan and make them available for review. Written comments may be submitted by email to [amber.lewis@iowa.gov](mailto:amber.lewis@iowa.gov). **Comments should be submitted by Wednesday, September 16, 2015.**

**At its meeting on Friday, September 18<sup>th</sup>, 2015, the Iowa Council on Homelessness will have the opportunity to consider this proposed plan and any stakeholder comments received.**

Note that the proposed plan makes some assumptions about the structure of the upcoming HUD competition. As of the date of this proposed plan, HUD has not yet opened the competition nor provided full details of the competition requirements. Some changes to the plan may be necessary once full details are known. This document also omits a timeline for the details of the plan, and discussion of any possible new funding beyond the reallocation process; again, waiting on HUD.

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### **Background: General CoC Program Reallocation**

**HUD Framework for CoC Reallocation in the 2015 CoC Competition:** HUD expects communities to use the reallocation process to ensure that funding for the CoC program is competitive. The goals include helping communities progress toward HUD-identified priority areas, ensuring high standards for performance outcomes, and ensuring effective use of limited funding. CoCs are scored overall each year through the CoC Consolidated Application, and this score determines the CoC's competitiveness for renewal and new funding. Part of the score is based upon the CoC's use of the reallocation process.

This publication from HUD provides an overview of the framework for reallocation during the 2015 CoC competition: "SNAPS In Focus: NOFAs Past and Present": <https://www.hudexchange.info/news/snaps-in-focus-nofas-past-and-present>.

**General CoC Reallocation Guide:** For more in-depth information on reallocation, the U.S. Interagency Council on Homelessness (USICH) has a guide called "Creating Effective Systems to End Homelessness: A Guide to Reallocating Funds in the CoC Program." This is currently posted to the USICH website here: [http://usich.gov/member\\_agency/departments/housing\\_and\\_urban\\_development/fy-2013-nofa/](http://usich.gov/member_agency/departments/housing_and_urban_development/fy-2013-nofa/).

### **Specific Info about Reallocation in the 2015 CoC Competition:**

The excerpt below is specific to the 2015 competition, from HUD's FY 2015 CoC Registration Notice:

#### **“...2. CoC Registration Notice Definitions and Concepts.**

**...Reallocation.** A CoC may reallocate funds in whole or part from existing eligible renewal projects to create one or more new projects. All CoCs may use the reallocation process, regardless of their funding status, based on local CoC needs and priorities. In the FY 2015 CoC Program Competition, CoCs may use the reallocation process to create: new permanent supportive housing projects that serve chronically homeless individuals, including unaccompanied youth, and families; new rapid re-housing projects for homeless individuals, including unaccompanied youth, and families coming directly from the streets or emergency shelter or fleeing domestic violence; new projects for dedicated HMIS; or new Supportive Services Only (SSO) projects for centralized or coordinated assessment systems. CoCs may choose to eliminate or reduce one or more eligible renewal projects to create one or more reallocated projects. The amount eliminated or reduced for the purposes of reallocation will be retained by the CoC, provided that the new proposed project(s) meets eligibility and quality thresholds established by HUD in the FY 2015 CoC Program Competition NOFA in order to be conditionally selected for funding. CoCs are prohibited from reallocating administrative costs to create new projects.”

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## **Background: Reallocation in the Iowa Balance of State CoC**

**Role of the Iowa Council on Homelessness:** As the decision-making body for the Iowa Balance of State CoC, the Iowa Council on Homelessness is responsible for decisions regarding the reallocation process each year. This includes consideration for voluntary and involuntary reallocations.

**Voluntary Reallocations:** Voluntary reallocations are initiated by a renewal project applicant by choice. There are different reasons a renewal project applicant might choose reallocation. An applicant might see a greater need in the community for a different type of project from the one they are currently operating. They might also recognize that a different type of project will better meet HUD's priorities for the CoC program, possibly making the CoC overall more competitive for additional funds for new projects. Or, an applicant may be prompted to consider changes to their project if they scored very low during the most recent Iowa Balance of State renewal competition.

An initial plan for voluntary reallocations was discussed in the *Iowa Balance of State CoC 2015 Renewal Project Application Plan*, approved by the Iowa Council on Homelessness in March, 2015. An excerpt from this plan is below:

**...Voluntary Reallocations:** HUD encourages communities to analyze their portfolio of grants to determine if there is the right mix of housing and services and whether funding for some projects, in whole or in part, should be reallocated to make resources available for new efforts. More information is available from HUD's 2014 "Letter from Ann Oliva

to Grant Recipients, CoC Leaders, and Stakeholders.”

<https://www.hudexchange.info/resources/documents/letter-from-ann-oliva-to-grant-recipients-coc-leaders-and-stakeholders-fy-2014.pdf>.

We assume HUD will follow a similar process for reallocation during 2015, encouraging voluntary reallocations. This means that instead of submitting a renewal application to continue with a current project, an applicant could choose to submit a new project instead, with the same amount of funds that would have been otherwise available for their renewal project. In some cases, it could even be for a higher amount of funds. There are likely to be two new project types that HUD would allow in this situation: Permanent Supportive Housing for the Chronically Homeless; or Rapid Rehousing for Families.

Renewal project applicants may submit an initial application for scoring. Based on the score and ranking approved by the Iowa Council on Homelessness, renewal applicants may choose to resubmit their application as a voluntary reallocation to a new type of project, according to HUD’s final rules published with the NOFA. Any new projects submitted in this way will be re-scored, which may result in a change of rankings for all projects.”

**Involuntary Reallocations:** Involuntary reallocations include any renewal projects that are entirely eliminated by the CoC, or that have their possible renewal funding reduced by the CoC. The CoC may pursue involuntary reallocation for renewal projects for multiple reasons, such as unspent funds, or scoring very low during the recent Iowa Balance of State renewal competition.

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## **DRAFT 2015 Reallocation Plan for the Iowa Balance of State CoC**

### **Involuntary Reallocations:**

- *Full reallocation for low score:* Reallocate all funds from the lowest-scoring project in the 2015 CoC Renewal Project Competition. This project scored 56.5 points out of 100, which is 13 points lower than the next-lowest-scoring project. It also earned the lowest score in the 2014 CoC Renewal Project Competition.
  - *Project impacted: Manasseh House’s Operation Empower: \$80,160. Retained: \$0.*
    - **Subtotal reallocated: \$80,160**
- *Partial reallocation for unspent funds:* Reallocate unspent funds (only up to 2015 Grant Inventory Worksheet amount), according to projects’ most-recently-submitted APR. If a project had unspent funds and also scored in one of the tiers identified below for partial reallocation, the reduction for unspent funds will be taken first, then the percentage reduction according to the score.
  - *Projects impacted:*
    - *Community Housing Initiatives’ TH: \$49,936 of \$227,288. Retained by project: see below.*
    - *CCIA Home to Stay PH: \$16,107 of \$76,563. Retained by project: see below.*
    - *Mason City Housing Authority S+C: \$1,765 of \$103,119. Retained by project: \$101,354.*

- *Vera French PH: \$3,372 of \$36,919. Retained by project: \$33,547.*
- **Subtotal reallocated: \$71,180**
- *Partial reallocation of 20% for score:* Reallocate 20% of funds from the next-lowest-scoring three renewal projects, with these projects retaining 80% of their previous funds. This includes projects scoring 69.5, 70, and 70 points out of 100.
  - *Projects impacted:*
    - *Community Housing Initiatives' TH: \$35,470 of \$177,352 remaining after reallocation for unspent funds. Retained by project: \$141,882.*
    - *Humility of Mary Housing's REACH 2000 TH: \$7,609 of \$38,047. Retained by project: \$30,438.*
    - *CCLA's Home to Stay PH: \$12,091 of \$60,456 remaining after reallocation for unspent funds. Retained by project: \$48,365.*
    - **Subtotal reallocated: \$55,170**
- *Partial reallocation of 10% for score:* Reallocate 10% of funds from the next-lowest-scoring three renewal projects, with these projects retaining 90% of their previous funds. This includes projects scoring 75, 76, and 78 points out of 100.
  - *Projects impacted:*
    - *HACAP Chronically Homeless SSO: \$2,725 of \$27,259*
    - *Salvation Army, Men's TH: \$9,424 of \$94,241*
    - *Opening Doors, Maria House TH: \$4,302 of \$43,025*
    - **Subtotal reallocated: \$16,451**
- All funds freed through involuntary reallocations may be made available for one or more new projects. If no new project applications are submitted, funds will remain available for the original renewal projects.
- Project applicants that are subject to partial involuntary reallocation must develop a plan to continue with their renewal project, with the reduced level of funding. This includes HUD contract compliance for numbers of persons served and the types of services provided. It may be possible to seek a contract amendment from HUD for some changes; applicants should contact their HUD representative to discuss any options for amendment. If the reduction in funding will result in loss of assistance for persons currently served by the program, the applicant must develop a transition plan for these persons. Any concerns should be brought to the CoC. Alternatively, the applicant may follow the process described below for Combination Voluntary and Involuntary Reallocation.
  - **Total funds available through involuntary reallocation for new project(s): \$222,961**

### **Voluntary Reallocations:**

- *Wholly voluntary reallocation:* For projects not listed above for involuntary reallocation, an applicant may choose to reallocate funds from an existing renewal project, to free additional funds for one or more new projects. If the same applicant wishes to apply for a new project using those same funds, the following parameters apply:

- The applicant may choose to reallocate all or a portion of their renewal funds to create the new project.
- The applicant will have “first rights” to the funds that are freed as a result.
- If only applying for the funds that are freed directly through their own voluntary reallocation, the applicant will NOT be required to submit an Iowa Balance of State CoC New Project Competitive Application.
- The applicant may also choose to compete for a portion or all of the funds available to the CoC through involuntary reallocation of other projects. In this case, the applicant would be required to submit an Iowa Balance of State CoC New Project Competitive Application. Any additional funding will depend on the scoring. If the applicant does not score well enough to be competitive for additional funding, it may still submit the new project using just their own voluntarily reallocated funds.
- The applicant will be required to submit a new project application in Esnap, following all usual HUD requirements for new projects.
- The Iowa Council on Homelessness retains final approval for the new project to be included in the official Consolidated Application to HUD.
- If, for any reason, the Iowa Council on Homelessness does not approve the new project, the same applicant may instead submit the original renewal project instead. In this way, the applicant choosing to voluntarily reallocate to a new project avoids the risk that the new project will be rejected by the Iowa Council on Homelessness and funds lost as a result.
- All projects are subject to final consideration by HUD for funding. Approval by the Iowa Council on Homelessness does not guarantee that a project will be funded by HUD.
- *Combination voluntary and involuntary reallocation:* For projects that are listed above for partial involuntary reallocation, an applicant may choose to also follow the process for voluntary reallocation.
  - If choosing this, the applicant has “first rights” to only the portion of funds that are retained after involuntary reallocation.
  - Otherwise, all the same parameters apply as described above.
  - This includes the option to compete with other new projects for additional funds available to the CoC through involuntary reallocation.

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## **Long-Term CoC Policies for Reallocation**

**Challenges of the CoC Program:** Establishing consistent long-term policies and procedures for the CoC Program internal competition is challenging. HUD uses the CoC Program as a vehicle to promote many of their national policy priorities for homelessness assistance, and these priorities continue to shift, sometimes substantially. In addition, HUD’s CoC competition process itself continues to change significantly each year, and there is often little advance notice each year what the competition will entail.

Some flexibility is therefore important, and some decisions each year will likely have to wait until HUD issues the details of each competition. However, the Iowa Balance of State CoC, acting through the Iowa Council on Homelessness, can still work toward consistent medium-term policies and procedures in some areas. This is likely to create a smoother process for the competition, while also helping applicants to plan ahead and make the best decisions for their programs.

For example, HUD is likely to continue to follow and promote the process of internal CoC reallocation. A general medium-term strategy for reallocation could include some of the main items proposed here, such as:

- Involuntary reallocation for all unspent funds (or the CoC could adopt a consistent policy for a spending “cushion”).
- Partial involuntary reallocation according to scoring tiers for low-scoring projects. For at least next year, the lowest scoring projects could be eligible for 70% of funds, the next-lowest for 80% of funds, the next-lowest for 90% of funds, and above that, for 100% of funds. The CoC could wait for final scoring to decide how many projects would fall into which tier, looking for larger breaks in the scoring if possible. (Or, different tiers could be established, following the same basic framework.)
- The same process as outlined above for voluntary reallocation.

A reallocation plan like this one, which includes involuntary partial reallocation of lower-scoring projects each year, comes from the assumption that HUD’s priorities for the CoC Program have shifted in recent years, and some changes are needed in the Iowa Balance of State to reflect these priorities. If, in the future, the CoC decides that the current mix of projects is optimal for the CoC, and it has all the right projects in place to remain competitive for CoC funds, etc., then the reallocation plan should be modified to reflect this.